

APR 16 1973

Realty Trust Review

April 16, 1973

VOL. IV, No. 7

VALUE GUIDE TO TRUSTS REVIEWED IN THIS ISSUE

Trust	Assets (Mil.\$)	Port. Yield	-6Mo.Port. Last	Port.Chng.- E Next	Lever. Ratio	Wts. Out	Price	Page
Short-term mortgage-independent sponsorship								
Associated Mtg.	\$ 93.0	12.47%	25%	15-20%	1.72	11%	\$16.13	2
Capital Mtg.	146.0	10.47	31	25	1.81	30	26.75	2
Continental Mtg.	588.3	10.82	16	15	1.83	0	11.38	3
First Mtg. Inv.	431.0	10.69	8	10	2.94	38	20.88	3
Mtg. Inv. Wash.	57.6	11.23	25	43-62	1.78	78	15.50	4
Republic Mtg.	75.4	11.80	1	23-31	0.62	51	17.25	3
Short-term mortgage-commercial bank sponsorship								
Amer. Fletcher	84.6	9.38	9	10	1.42	39	27.88	5
Barnett Mtg. Tr.	140.3	11.36	46	33-41	1.59	88	26.88	4
Cameron-Br. Inv.	106.1	11.12	19	29	1.27	82	29.50	5
Chase Man. Tr.	716.6	9.63	25	12	3.42	0	53.88	5
Cit. & So. Rlty.	333.0	10.46	37	15-16	2.38	11	35.75	6
Cont. Ill. Rlty.	160.2	8.41	36	24	2.03	6	19.75	7
First Denver Mtg.	67.7	11.33	32	24-31	1.28	94	23.25	7
First Penn. Mtg.	133.2	10.39	28	12-16	0.97	40	24.75	6
First Wisc. Mtg.	117.1	11.39	90	40	2.84	0	43.63	7
Tri-South Mtg.	143.1	10.91	26	43	1.46	12	30.75	8
Unionam. M&E	102.5	11.00	38	21	1.77	34	25.13	8
Wells Fargo Mtg.	196.6	9.80	11	10	1.83	45	23.75	8
TOTAL/AVG.	\$3,692.3	10.70%	28%	24%	1.83	37%		

E-Estimated. Leverage ratio is ratio of non-convertible debt to capital (equity plus convertibles). Warrants out shown as % of shares assuming full conversion.

SHORT-TERM MORTGAGE TRUSTS PRESENT INTERESTING VALUES AMID ADVERSITIES

It's been fashionable to focus upon troubles facing the short-term mortgage trusts lately. Share prices have reflected the doubts. But troubles present opportunities and it's time to look at these trusts from that viewpoint. Two major problems and opportunities are:

1. Short-term interest rates. Inversion of commercial paper rates over the politically frozen prime rate narrowed spreads and sliced earnings of many trusts, including Chase Manhattan (RTR, Mar. 26). Such distortions do not last long (inverted rates occurred in only 22 months during the past 10 years). Moreover short-term rates dropped sharply last week, easing current pressure on trust earnings. Only a few trusts have chosen to tie loan rates to the higher of prime or commercial paper because of the competitive market. Most are moving up spreads quoted over the prime rate and higher rates on commitments are already raising portfolio yields. Average yield for the 18 trusts reviewed is 10.70%, up 0.07% since our last review (RTR, Sept. 11). The short-term trusts have the best opportunity to increase yields faster than any other group and the current uncertainty is a good buying time.

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PUBLISHED TWICE MONTHLY ON THE SECOND AND FOURTH FRIDAYS SUBSCRIPTION \$84 ANNUALLY SINGLE COPY \$5 GROUP RATES ON REQUEST

PORTFOLIO QUALITY MEASURES

Trust	Loss Res.#	Prob. Loans #
Assoc.Mtg.	1.00%	12.0%
Capital Mtg.	0.36	0.0
Cont. Mtg.	0.10	1.9
First Mtg.	0.98	2.3
Mtg.In.Wash.	0.54	1.7
Republic MI	1.04	7.2
Am.Fletcher	0.23	0.0
Barnett Mtg.	0.30	2.7
Cameron-Br.	0.90	2.1
Chase Man.	0.17	1.6
Cit.&So.RI.	0.34	0.6
Cont.Ill.RI.	0.79	2.6
First Den.MI	0.53	0.0
First Penn.	0.45	4.7
First Wisc.	0.18	0.0
Tri-South MI	0.51	1.5
Unionam. M&E	0.52	1.1
Wells Fargo	0.24	0.0
AVGS.	0.51%	1.9%

#--% of investments.

2. Problem loans. Most trusts are experiencing problem loans, defined as loans for which interest is not being accrued, and they are showing more candor to the investing public than ever before. The table at left indicates that only two trusts--Associated and Republic--report non-earnings assets over 5% of investments. Losses have been minimal to non-existent for most trusts. This points up that short-term construction lending contains risk and the test is ability to cope with problems. Measured by these yardsticks, current choices are *Citizens & Southern Realty*, *Unionamerica Mortgage*, *Tri-South Mortgage* and *Capital Mortgage*.

At subscriber request we are adding comments on issues making large price swings. *USF Investors* fell to 21 on news sponsor U.S. Financial missed April 1 interest payments. Trust independence is not appreciated: only one Financial trustee remains and lending to Financial's ventures halted long ago. At 7 times annualized March earnings and yielding 12%, shares are a buy. *Institutional Investors* fell to 12 on news it filed notice of default on two loans totaling \$4.2M. Default notice is widely used pressure tactic to bring loans current, not a foreclosure. We'd hold till situation clarifies.

ASSOCIATED MORTGAGE INVESTORS (ASE-AMY)--FY ends Dec. 31--Price:\$16.13

-----OPERATING RECORD-Mil.\$-----				-----KEY RATIOS-----		-----SHARE RESULTS-----		
Quar.	Assets	Port.	Equity	Port.Yield	Cap.Ret.	EPS Prim.	Diluted	Div.
6/72	\$75.9	\$67.1	\$29.2	12.51%	11.97%	\$0.67	\$0.67	\$0.60
9/72	81.7	72.9	29.5	12.47	11.49	0.63	0.63	0.60
12/72	p93.0	84.0	NR	NR	NR	NR	NR	0.45
RANK	55	56	61	26	48	----	----	----

Portfolio dynamics: Holdings rose 25% the past six months and a gain in the 15%-20% range is likely through the June quarter. Loan mix has remained heavily in residential, with apartments dominating. Nearly all holdings are development or construction loans, and geographic spread is wide with concentrations in Texas, Puerto Rico and Florida. The trust began making subordinated land purchase/leasebacks in January when William Mack of Mack Group, an old-line New Jersey real estate family group of companies, bought 47% of the adviser. Previously Mack Group had proposed offering shares in Mack Land Investors, a land trust. Two problem loans are hampering AMY results: an \$8.2M condominium loan in Wildwood, N.J. has been taken over & the trust likely will sponsor sale of units; a \$2.2M loan on a HUD turnkey project in Pennsylvania is being negotiated with the local agency. A third problem loan of \$2.6M in Puerto Rico was foreclosed and sold last week at no loss, with AMY furnishing financing. Financing: The Dec. 1972 balance sheet has been delayed pending a decision of the amount of loss reserve for the Wildwood loan. Bank financing has generally been used, although generally at high cost. Adviser: Associated Mortgage Managers, an independent. Six month outlook: March quar. results likely will be in the \$0.45-\$0.48/sh. range and the two problem loans (about 12% of loans) may hold earnings in that range for awhile. The shares are for speculative recovery. (KDC)

CAPITAL MORTGAGE INVESTMENTS (OTC-CMORS)--FY ends Dec. 31--Price: \$26.75

-----OPERATING RECORD-Mil.\$-----				-----KEY RATIOS-----		-----SHARE RESULTS-----		
Quar.	Assets	Port.	Equity	Port.Yield	Cap.Ret.	EPS Prim.	Diluted	Div.
9/72	\$107.2	\$ 97.6	\$24.4	10.05%	10.07%	\$0.65	\$0.54	\$0.62
12/72	131.7	114.0	28.1	11.50	10.18	0.66	0.56	0.60
3/73	146.0	127.8	30.6	10.47	NA	0.67	0.58	0.62
RANK	30	34	58	88	61	----	----	----

Portfolio dynamics: Fundings rose 31% the past 2 quar. Holdings are about 70% const. & devel. loans, 23% land acquisition & devel.; 3% land purchase/leasebacks. About 85% are in Maryland-Virginia-District of Columbia and about half are residential projects. The only problem loan was removed in December when a permanent lender bought a Highland Park, Ill. apartment on which the trust had foreclosed a \$3M loan. Losses of \$113T were absorbed. About 80% of fundings are tied to prime. To expand geographic coverage CMI's adviser formed a joint venture with E.H. Crump Co., Memphis mortgage banker, under which Crump will originate loans to CMI for half the related advisory fee. Financing: Capital of \$51.7M is \$30.5M equity net of unamor. disc. & \$30M convt. debent. Debt of \$93.4M is bank loans. CMI recently completed a \$25M, five-year term loan with a group of banks at 125% of the prime rate. Adviser & expenses: Capital Managers, independent. Expenses were 1.60% of invest. last 2 quar. Six month outlook: Excellent lending record and ability to obtain fairly low cost debt has let trust increase earnings in face of steady warrant exercise. Shares, soon listing on NYSE, have good longer term gains potential. (KDC)

CONTINENTAL MORTGAGE INVESTORS (NYSE-CMI)--FY ends Mar. 31--Price:\$11.38

-----OPERATING RECORD-Mil.\$-----				-----KEY RATIOS-----		--SHARE RESULTS--		
Quar.	Assets	Port.	Equity	Port.Yield	Cap.Ret.	EPS Prim.	Div.	
6/72	\$506.4	\$439.2	\$111.2	10.99%	11.75%	\$0.27	\$0.27	
9/72	517.1	463.9	111.4	11.06	11.99	0.28	0.28	
12/72	588.3	529.5	112.4	10.82	11.76	0.27	0.27	
RANK	2	2	6	76	41	----	----	

Portfolio dynamics: Holdings increased 16% over the last 2 quarters. Current portfolio of \$529.5M is 88% constr. and devel.; 11% FHA & VA permanent; 1% FHA & VA short-term. Loans are located in 38 states with some concentration in Calif., Fla. and P.R. Some 75% of constr. and devel. loans are tied to prime. The portfolio contains an unstated amt. of problem loans but mgmt. does not expect to have any losses from them. We expect portfolio to grow by 15% over the next 6 months. Financing: Capital of trust amounts to \$203.7M with \$112.4M in equity (w. 16.93M shares); \$85.0M 6 1/4% convt. subor. deben.; \$6.3M 5% convt. subor. deben. Debt of trust is \$372.6M with \$324.6M short-term notes payable and \$48.0M long-term notes. Trust does not plan a public offering in next 6 months since it recently signed a \$125M five year credit agreement with 15 major commercial banks. Interest will be at prime rate for first year and then rise to 1/2% over prime the last three years. Adviser & expenses: Continental Advisers. Expenses averaged 2.19% of investments over the latest 2 quarters. Six month outlook: Trust recently declared a \$0.27 dividend for its March qtr., indicating flat earnings for that quarter. A steady but slow growth in fundings in next 6 months should produce level earnings and dividends. Shares provide fair yield. (VCK)

FIRST MORTGAGE INVESTORS (NYSE-FIM)--FY ends Jan. 31--Price:\$20.88

-----OPERATING RECORD-Mil.\$-----				-----KEY RATIOS-----		--SHARE RESULTS--		
Quar.	Assets	Port.	Equity	Port.Yield	Cap.Ret.	EPS Prim.	Diluted	Div.
7/72	\$367.6	\$343.6	\$105.4	10.40%	13.29%	\$0.62	\$0.60	\$0.56
10/72	408.8	381.6	106.1	10.35	14.08	0.63	0.62	0.57
1/73	431.0	369.4	105.9	10.69	12.73	0.41	0.38	0.57a
RANK	3	3	8	80	26	a-Incl. \$0.15 capital gains.		

Portfolio dynamics: Holdings increased 8% over the last 2 quarters. Current portfolio of \$369.4M is 56% constr.; 26% conventional permanent; 13% devel.; 5% FHA-VA insured loans. Loans are located in 35 states with concentration in Fla., P.R., Calif. At Jan. 31, some 2.3% of holdings were problem loans. Almost 90% of constr. and devel. loans are tied to prime. We are estimating a 10% growth in fundings over the next 6 months. Financing: Capital of trust amounts to \$108.3M with \$105.9M in equity (w. 6.79M shares) and \$2.4M 6 3/4% convt. subor. deben. Debt is \$318.9M composed of \$182.7M commercial paper; \$22.1M short-term bank notes; \$114.1M senior long-term debt. Trust recently negotiated a private placement of \$25M subor. debt with major insurance companies. The issue carried a 7 1/2% coupon and had 120T warrants attached. Adviser & expenses: First Mortgage Advisory Corp. Expenses averaged 1.35% of investments over the past 2 quarters. Six months outlook: The pending acquisition of Median Mortgage Investors, an intermediate term mtg. trust with common sponsorship, clouds the outlook for future earnings growth. An overhang of 38% due to warrants a slight future negative. Share prospects are unclear until merger terms are announced. (VCK)

REPUBLIC MORTGAGE INVESTORS (NYSE-RMI)--FY ends Dec. 31--Price:\$17.25

-----OPERATING RECORD-Mil.\$-----				-----KEY RATIOS-----		-----SHARE RESULTS-----		
Quar.	Assets	Port.	Equity	Port.Yield	Cap.Ret.	EPS Prim.	Diluted	Div.
6/72	\$74.4	\$64.6	\$38.4	12.42%	9.51%	\$0.45	\$0.38	\$0.45
9/72	74.8	64.4	38.5	12.54	9.48	0.46	0.41	0.45
12/72	75.4	65.1	38.5	11.80	8.92	0.42	0.39	0.45
RANK	63	65	46	41	84	----	----	----

Portfolio dynamics: Holdings gained 1% over the last 2 quarters. Current investments of \$65.1M are 85% constr. and devel. and 15% wrap-around mtg. Investments are located in 21 states and Puerto Rico with some concentration in Florida. Trust has 3

problem loans amounting to \$4.7M, including two in foreclosure (the amount involved is \$3.8M). Trust does not expect to incur any losses. At present some 60-65% of constr. and devel. loans are tied to prime and all new loans are being tied to prime. Mgmt. expects portfolio to reach \$80-85M by June 30, an increase of 23-31% from Dec. '72 with composition unchanged. Financing: Capital is \$45.5M with \$38.5M in equity (with 2.10M shares) and \$7.0M in 7 $\frac{1}{4}$ % convt. subor. debent. Debt amounts to \$28.1M with \$23.1M notes payable and \$5.0M commercial paper. Trust does not plan a public financing in next 6 months but intends to use bank lines and commercial paper to finance new fundings. Adviser & expenses: Mortgage Investment Services, Inc. Expenses averaged 2.78% of investments over the last 2 quarters. Six month outlook: Trust will have to reverse recent declines in portfolio yield before the estimated increase in fundings can be translated into earnings and dividend gains. Warrants expiring in June 1974 may be exercised more rapidly in coming quarters and the 51% overhang may prevent gains in share earnings and dividends. Shares are not relatively attractive. (VCK)

MORTGAGE INVESTORS OF WASHINGTON (OTC-MINVS)--FY Mar. 31--Price:\$15.50

-----OPERATING RECORD-Mil.\$-----			-----KEY RATIOS-----			-----SHARE RESULTS-----		
Quar.	Assets	Port.	Equity	Port.Yield	Cap.Ret.	EPS Prim.	Diluted	Div.
6/72	\$48.3	\$42.0	\$16.5	10.88%	10.55%	\$0.39	\$0.32	\$0.366
9/72	51.5	43.9	16.8	11.61	10.72	0.40	0.33	0.388
12/72	57.6	52.4	17.5	11.23	11.54	0.42	0.38	0.397
RANK	75	77	92	61	47	3/73 NR	NR	0.410

Portfolio dynamics: Portfolio increased by 25% over the last 2 quar. Current portfolio of \$52.4 is 50% constr.; 25% land and devel.; 14% 3 yr. interim; 10% loans in excess of 3 yrs.; 1% land and condominiums acquired by foreclosure. About 60% of investments are located in Md., Va., and Wash. D.C. with the remainder spread in 12 other states. Trust is in process of foreclosing a \$900T loan in Ohio and expects to sustain no loss. At Dec. 31, almost 57% of loans were tied to prime and at that date some 70% of new commitments were tied to prime. Mgmt. expects the portfolio to reach \$75-85M level by June '73 a 43-62% gain, with composition remaining unchanged. Financing: Capital of trust is \$20.5M with \$17.5M in equity (w. 1.26M shares) and \$3.0M 8% convt. subor. debent. Debt comes to \$36.4M with \$16.0M short-term bank notes; \$10.0M 5 year senior notes at 130% of prime; \$10.0M 8 $\frac{1}{2}$ % senior subor. 5 year notes; \$0.4M short-term notes payable to other. In registration are 650T shares which are expected out in the latter part of April. Goldman Sachs and Johnston, Lemon are the underwriters. Adviser & expenses: MIW Advisors. Expenses averaged 2.14% of investments over the last 2 quar. Six month outlook: Projected gains in fundings should translate into good earnings and dividend growth especially if portfolio yield rises. An overhang of 78% due to warrants can continue coming in at these prices. Offering of new shares also a bit of drawback. (VCK)

BARNETT MORTGAGE TRUST (NYSE-BMT)--FY ends Mar. 31--Price:\$26.88

-----OPERATING RECORD-Mil.\$-----			-----KEY RATIOS-----			-----SHARE RESULTS-----		
Quar.	Assets	Port.	Equity	Port.Yield	Cap.Ret.	EPS Prim.	Diluted	Div.
6/72	\$ 91.7	\$83.2	\$29.1	11.56%	11.81%	\$0.68	\$0.53	\$0.63
9/72	118.1	107.4	30.0	11.13	11.89	0.69	0.54	0.63
12/72	140.3	121.3	34.0	11.36	11.74	0.70	0.55	0.64
RANK	34	38	52	56	42	----	----	----

Portfolio dynamics: Holdings increased by 46% over the last 2 quar. Current portfolio of \$121.3M is 67% constr.; 25% land & land devel.; 6% permanent and intermediate 2% real estate. Loan concentration is heaviest in Fla.-67%, with remainder in 13 states, P.R. and Virgin Islands. Trust has 3 problem loans amounting to \$3.3M of which one loan on an office building for \$1.9M has been disposed of at a loss. The majority of loans are tied to prime and trust is planning to attempt tying new loans to the higher of prime or dealer commercial paper. Management expects portfolio to grow by \$40-50M in next six months, a 33-41% gain, with composition the same. Financing: Capital of trust is \$53.4M with \$34.0M in equity (w. 1.78M shares) and \$19.4M 6 3/4% subor. convt. debent. Debt amounts to \$84.7M with \$76.2M bank notes and \$8.5M commercial paper. In early March

trust arranged for a \$40M, seven year unsecured loan with 4 banks at a rate to float at a reasonable premium over the Chemical Bank prime rate. Trust plans no public offering in next 6 months and will probably go the private placement route if additional financing is needed later in the year. Adviser & expenses: Barnett Mortgage Advisers, Inc. Expenses averaged 1.78% of investments over the last 2 quar. Six month outlook: Continued strong growth in fundings, adequate financing and an attractive portfolio yield should result in steady earnings and dividend growth. An overhang of 88% due to warrants a future negative which may cause some intermediate-term dilution. Shares carry good yield and solid fundamentals for capital gains appreciation. (VCK)

CAMERON-BROWN INVESTMENT GROUP (NYSE-CB)--FY ends Dec. 31--Price \$29.50

-----OPERATING RECORD-Mil.\$-----				-----KEY RATIOS-----		-----SHARE RESULTS-----		
Quar.	Assets	Port.	Equity	Port.Yield	Cap.Ret.	EPS Prim.	Diluted	Div.
6/72	\$ 89.0	\$81.8	\$44.2	10.56%	10.64%	\$0.64	\$0.49	\$0.67
9/72	102.3	93.8	44.5	11.59	11.11	0.67	0.52	0.67
12/72	106.1	97.1	46.5	11.12	12.76	0.77	0.59	0.73
RANK	46	49	38	66	25	----	----	----

Portfolio dynamics: Holding increased by 19% over the last 2 quar. Current portfolio of \$97.1M is 61% constr.; 12% land devel.; 10% land acq.; 10% permanent; 4% junior; 3% equity. Loans are located in 13 states with heavy concentration in Fla., N.C. and southeastern states. Trust may have to take over a \$2.0M loan in Atlanta but expects to sustain no losses. Almost all constr. and devel. loans are tied to prime. Management expects portfolio to reach \$125M by June 30, a 29% gain, with composition remaining unchanged. Financing: Capital of trust is \$46.5M all equity with 1.92M shares. Debt amounts to \$59.1M with \$51.6M commercial paper and \$7.5M bank notes. Trust expects no public financing in next 6 months although it may consider an offering in the fourth quarter of 1973. Adviser & expenses: Cameron-Brown Company. Expenses averaged 1.78% of investments in the last 2 quar. Six month outlook: Good gains in portfolio should produce healthy growth in earnings and dividends despite a slight drop in portfolio yield. An overhang of 82% due to warrants a slight near term negative. Shares provide a high yield. Capital gains possibilities also exist if more significant earnings gains are attained. (VCK)

AMERICAN FLETCHER MORTGAGE INVESTORS (ASE-AFM)--FY ends Jan. 31--Price:\$27.88

-----OPERATING RECORD-Mil.\$-----				-----KEY RATIOS-----		-----SHARE RESULTS-----		
Quar.	Assets	Port.	Equity	Port.Yield	Cap.Ret.	EPS Prim.	Diluted	Div.
7/72	\$79.2	\$74.0	\$32.3	9.54%	11.31%	\$0.70	\$0.63	\$0.67
10/72	87.4	80.6	32.3	9.63	11.39	0.71	0.64	0.67
1/73	84.6	80.5	33.0	9.38	11.37	0.71	0.62	0.67
RANK	60	59	54	121	52	----	----	----

Portfolio dynamics: Holdings increased by 9% over the last 2 qtrs. Current portfolio of \$80.5M is 75% constr.; 23% land/devel.; 2% long-and intermediate-term. Investments are located in 15 states with concentrations in Indiana and Ohio. There are no problem loans in portfolio. Some 94% of constr. and devel. loans are tied to prime and all new loans are being tied to prime. We estimate that fundings will grow by 10% in next 6 months with composition remaining unchanged. Financing: Capital amounts to \$33.0M, all equity with 1.32M shares. Debt is \$49.6M with \$29.6M short-term notes and \$20.0M long-term notes. Trust does not plan a public offering in next 6 months. Adviser & expenses: American Fletcher Mortgage Co., Inc. Expenses averaged 1.20% of investments over the last 2 qtrs. Six month outlook: Moderate growth in fundings should produce moderate earnings and dividend gains. Overhang of 39% due to warrants a minor future negative. (VCK)

CHASE MANHATTAN MTG. & REALTY TRUST (NYSE-CMR)--FY ends May 31--Price: \$53.88

Portfolio dynamics: Holdings increased by 25% the last 2 quar. Current portfolio of \$686.3M is 52% constr.; 22% term loans; 11% land & land devel.; 7% standby; 4% lease-backs & equity; 3% second mtg.; 1% real estate. Loans are located in 29 states P.R. and Canada with some concentration in N.Y. and Fla. Trust has 3 problem loans amounting to

-----OPERATING RECORD-Mil.\$-----				-----KEY RATIOS-----		-----SHARE RESULTS-----		
Quar.	Assets	Port.	Equity	Port.Yield	Cap.Ret.	EPS Prim.	Diluted	Div.
8/72	\$566.6	\$550.5	\$114.6	10.36%	14.92%	\$1.18	\$1.09	\$1.05
11/72	648.0	626.4	121.2	10.22	16.14	1.30	1.19	1.10
2/73	716.6	686.3	131.4	9.63	15.29	1.14	1.09	1.12
RANK	1	1	3	114	8	----	----	----

\$11.1M or 1.6% of holdings and management at present cannot say if any losses will be sustained. About 60% of constr. and devel. loans are tied to prime and trust is attempting to tie new loans to the higher of prime or the commercial paper rate. Management anticipates the portfolio will reach \$725-750M by May '73, a 6-9% gain from Feb., with composition the same. Financing: Capital amounts to \$160.6M with \$131.4 in equity (w. 4.79M shares); and \$29.2M of 6½% and 6 3/4% subor. convt. deben. Debt is \$549.4M with \$364.9M commercial paper; \$74.5M master notes; \$60.0M 7½% notes; \$50.0M 7 7/8% notes. No public offering planned the next 6 months. Adviser & expenses: The Chase Manhattan Bank N.A. Expenses averaged 1.39% of investment in the last 2 quar. Six month outlook: Slower growth rate in fundings points to flattening of earnings. Near-term outlook suggests continued squeeze on earnings as commercial paper rates rise faster than prime rate (see RTR, Mar. 26). Shares may not be impressive performers next few months but long-term appeal of major loan generation capacity remains. (VCK)

CITIZENS & SOUTHERN REALTY (NYSE-CZS)--FY ends Sept. 30--Price:\$35.75

-----OPERATING RECORD-Mil.\$-----				-----KEY RATIOS-----		-----SHARE RESULTS-----		
Quar.	Assets	Port.	Equity	Port.Yield	Cap.Ret.	EPS Prim.	Diluted	Div.
9/72	\$237.0	\$224.7	\$65.5	10.36%	14.25%	\$0.68	\$0.63	\$0.68
12/72	287.7	273.6	69.0	10.76	15.30	0.72	0.66	0.71
3/73p	333.0	308.0	70.0	10.46	NR	0.76	NR	0.74
RANK	4	5	17	89	7	----	----	----

Portfolio dynamics: Holdings surged 37% the past two quarters, reflecting relatively low repayments. June quarter repayments will be a little heavier and we estimate the gain in fundings over the coming 2 quar. at \$45-\$50M, or up about 15-16%. March fundings are 68% constr. & devel. loans, 23% land loans, 6% long-term mtgs. and 3% equity investments. One problem loan, a \$1.9M turnkey job in Chatanooga, is being finished and will be sold to city agency, with loss of about \$200T (which may be recoverable) possible. Portfolio yield expected to move upward as current commitments of about \$322M are at slightly higher rates. Financing: Capital of \$100.0M is \$70M equity and \$30M convt. deben. Debt of \$238M is \$150M commercial paper, \$88M bank loans. Current net spread on debt is about 4.11%. Adviser & expenses: Citizens & Southern National Bank, Atlanta. Expenses averaged 1.72% last 2 quar. Six month outlook: Continued earnings and dividend gains anticipated, with rate of gain slowing slightly. Exposure to rising money costs appears slight. Shares yielding 8.2% an excellent current commitment. (KDC)

FIRST PENNSYLVANIA MORTGAGE TRUST (NYSE-FPM)--FY ends July 31--Price:\$24.75

-----OPERATING RECORD-Mil.\$-----				-----KEY RATIOS-----		-----SHARE RESULTS-----		
Quar.	Assets	Port.	Equity	Port.Yield	Cap.Ret.	EPS Prim.	Diluted	Div.
7/72	\$102.9	\$101.0	\$52.4	10.64%	10.31%	\$0.56	\$0.50	\$0.54
10/72	118.7	116.3	53.8	10.37	10.26	0.55	0.48	0.54
1/73	133.2	129.1	57.4	10.39	10.75	0.58	0.50	0.56
RANK	37	32	29	91	58	----	----	----

Portfolio dynamics: Holdings increased 28% the last 2 qtrs. Current portfolio of \$129.1M is 53% constr.; 22% devel.; 18% interim; 5% land; 2% junior. Investments are located in 23 states with some concentration in Fla. and Ga. Trust has 6 problem loans amounting to \$6M (or 4.7% of holdings) and management presently does not expect any losses. About 47% of portfolio is tied to prime and trust is attempting to tie new loans to the 4 week avg. of the 90 day commercial paper rate. Management expects portfolio to reach \$145-150M by July '73, a 12-16% gain, with composition unchanged. Financing: Capital amounts to \$66.3M with \$57.4M in equity (w.2.84M shares) and \$8.9M 6 3/4% convt. Debt is \$64.0M, all commercial paper. Trust plans no public offering in next six months. Adviser & expenses: Associated Advisers Inc. Expenses avg. 1.80% of investments last 2 quar. Six month outlook: Moderate funding growth aided by improved portfolio yield should produce moderate earnings and dividend gains. Overhang of 40% due to warrants a slight nearterm negative. Shares attractive for 9.2% yield. (VCK)

CONTINENTAL ILLINOIS REALTY (NYSE-CIR)--FY ends Mar. 31--Price:\$19.75

-----OPERATING RECORD-Mil.\$-----				-----KEY RATIOS-----		-----SHARE RESULTS-----		
Quar.	Assets	Port.	Equity	Port.Yield	Cap.Ret.	EPS Prim.	Diluted	Div.
6/72	\$118.6	\$112.9	\$52.0	8.78%	8.62%	\$0.40	\$0.40	\$0.40
9/72	129.7	124.7	52.0	8.26	8.64	0.40	0.40	0.40
12/72	160.2	153.6	52.0	8.41	9.01	0.42	0.41	0.42
RANK	26	25	36	127	82 3/73	0.45	NR	0.43

Portfolio dynamics: Holdings increased 36% the last 2 qtrs. Current portfolio of \$153.6M is 57% constr.; 28% devel.; 10% junior; 3% real estate; 2% land loans. Investments are located in 21 states with some concentration in southeast and southwest. Trust has 1 major problem loan amounting to \$4.0M and management does not expect any loss of principal although interest is still not being received. About 60% of loans are tied to prime and new loans are being tied to prime or made at fixed rates. Management expects portfolio to reach \$190M by June '73, a 24% gain over Dec., with composition unchanged. Financing: Capital is \$52.0M, all equity with 2.80M shares. Debt amounts to \$105.4M with \$87.4M commercial paper and \$18.0M long-term notes. Trust plans no public offering in next six months since it completed an \$25.0M 7 5/8% subor. note offering in Dec.'72. Adviser & expenses: Subsidiary of Continental Illinois Corp. bank holding co. Expenses avg. 1.56% of investments last 2 qtrs. Six month outlook: Expected growth in fundings may not produce equal earnings and dividend gains due to slightly rising portfolio yield. Overhang of 6% due to warrants minor. Shares have moderate yield and speculative recovery potential. (VCK)

FIRST OF DENVER MORTGAGE INVESTORS (ASE-FDE)--FY ends Sept. 30--Price:\$23.25

-----OPERATING RECORD-Mil.\$-----				-----KEY RATIOS-----		-----SHARE RESULTS-----		
Quar.	Assets	Port.	Equity	Port.Yield	Cap.Ret.	EPS Prim.	Diluted	Div.
9/72	\$53.0	\$49.1	\$28.0	10.81%	10.62%	\$0.49	\$0.49	\$0.49
12/72	59.0	55.2	28.1	11.33	10.87	0.50	0.40	0.50
3/73	67.7	64.7	29.4	11.33	11.41	0.53	0.43	NR
RANK	67	66	62	58	51	----	----	----

Portfolio dynamics: Holdings increased 32% over the last 6 months. Current portfolio is 59% constr.; 13% land devel.; 12% intermediate; 9% junior & wrap-around; 4% land loans; 3% equity-land. Some 72% of investments are located in Colorado with remainder in 12 other states. No problem loans. About 82% of loans are tied to prime and trust will continue tying new loans to prime. Management expects portfolio to reach \$80-85M, a 24-31% gain, in next 6 months with composition unchanged. Long-term investment to be stressed over next 2-3 years. Financing: Capital is \$29.4M, all equity with 1.53M shares. Debt amounts to \$37.7M with \$29.9M commercial paper and \$7.8M bank notes. Adviser & expenses: First National Advisers, Inc. Expenses averaged 2.14% the last 2 qtrs. Six month outlook: Good gain in fundings coupled with respectable yield should produce some earnings and dividend gains. Overhang of 94% due to warrants a possible longer-term drag on earnings. Shares provide attractive yield and long-term appreciation potential. (VCK)

FIRST WISCONSIN MORTGAGE INVESTORS (ASE-FWM)--FY ends Dec. 31--Price:\$43.63

-----OPERATING RECORD-Mil.\$-----				-----KEY RATIOS-----		-----SHARE RESULTS-----		
Quar.	Assets	Port.	Equity	Port.Yield	Cap.Ret.	EPS Prim.	Div.	
6/72	\$59.7	\$56.5	\$29.8	10.83%	9.92%	\$0.59	\$0.55	
9/72	98.6	90.7	30.1	11.29	13.19	0.84	0.80	
12/72	117.1	107.2	30.3	11.39	15.25	0.90	1.00	
RANK	42	44	59	55	9	----	----	

Portfolio dynamics: Fundings rose 90% over last 2 qtrs. Current portfolio of \$107.2M is 61% constr.; 9% devel.; 9% land acq.; 9% standing and land; 8% junior; 4% purchase leasebacks and real estate. Investments located in 30 states, P.R. and Wash. D.C. with 38% in Midwest. Trust has no problem loans. About 85% of loans are tied to prime and new loans are being tied to prime. We estimate a 40% increase in fundings in next 6 months with composition remaining unchanged. Financing: Capital is \$30.3M, all equity with 1.26M shares. Debt amounts to \$86.1M with \$39.1M commercial paper; \$39.0M bank loans; \$8.0M other. Trust completed a 650T share offering at \$41.25 on Feb. 22, '73 thru Goldman, Sachs, and Robert W. Baird. Adviser & expenses: First Wisconsin Mortgage Co. Expenses avg. 1.98% of investments over the last 2 qtrs. Six month outlook: Despite strong growth in fundings and attractive portfolio yield earnings and dividend gains will be held back due to larger number of shares. Appreciation potential appears limited near term though yield is still attractive. (VCK)

TRI-SOUTH MORTGAGE INVESTORS (NYSE-TSI)--FY ends Dec. 31--Price:\$30.75

-----OPERATING RECORD-Mil.\$-----				-----KEY RATIOS-----		-----SHARE RESULTS-----		
Quar.	Assets	Port.	Equity	Port.Yield	Cap.Ret.	EPS Prim.	Diluted	Div.
9/72	\$112.7	\$109.3	\$30.7	10.95%	11.49%	\$0.73	\$0.65	\$0.65
12/72	129.9	126.4	36.9	11.68	12.37	0.78	0.56	0.70
3/73	143.1	137.7	41.9	10.91	11.95	0.72	0.63	0.72
RANK	33	31	42	72	40	----	----	----

Portfolio dynamics: Holdings increased 26% the last 6 months. Current portfolio of \$137.7M is 53% constr.; 16% intermediate; 13% land devel.; 6% land acq.; 5% long-term; 4% junior; 3% land & property. Most investments are located in Southeast. Trust has 2 problem loans amounting to \$2.1M. About 63% of portfolio is tied to prime and trust is trying to tie new loans to the higher of prime or commercial paper rate. Management estimates fundings will grow by \$10M per month on avg. over the next 6 months, producing a 43% gain, with composition unchanged. Financing: Capital is \$56.6M, with \$41.9M equity (w. 2.13M shares) and \$14.7M 7% convt. Debt amounts to \$82.6M with \$46.8M commercial paper; \$25.0M 7 3/4% subor. debent.; \$10.8M bank loans. Recent \$25.0M 7 3/4% subor. debent. offering is all financing planned. Adviser & expenses: Tri-South Mgmt. Assoc., owned by three banks. Expenses averaged 1.71% of investment in the last 2 qtrs. Six month outlook: Strong increase in fundings should result in moderate earnings and dividend gains despite a drop in portfolio yield and increase in shares outstanding. Overhang of 12% due to warrants a minor negative. Shares possess capital gains potential over the intermediate-term. (VCK)

UNIONAMERICA MTG. & EQUITY TRUST (ASE-UAT)--FY ends Nov. 30--Price:\$25.13

-----OPERATING RECORD-Mil.\$-----				-----KEY RATIOS-----		-----SHARE RESULTS-----		
Quar.	Assets	Port.	Equity	Port.Yield	Cap.Ret.	EPS Prim.	Diluted	Div.
8/72	\$ 73.6	\$69.4	\$32.3	11.66%	12.68%	\$0.59	\$0.53	\$0.58
11/72	91.9	86.9	33.8	11.03	12.70	0.61	0.46	0.58
2/73	102.5	96.0	36.3	11.00	12.94	0.62	0.60	0.61
RANK	50	50	50	67	23	----	----	----

Portfolio dynamics: Holdings rose 38% the past 2 quar., ending a period of slower growth. Holdings are about 60% first mtg. constr. loans, 18% intermediate term loans, 18% equity investments, mostly land purchase/leasebacks. About 30% are in California. An 800T sf shopping center is being bought for approx. 200,000 shares. Only problem loan is a \$1.05M participation in land foreclosed from Pomponio Realty (RTR, Sept. 25). No loss is expected. Heavier repayments may slow May quar. funding gains but growth will resume afterward; we estimate about a 21% gain the next 2 quar. Financing: Capital of \$36.3M is all equity; strong warrant exercise has built the capital base. Debt of \$64.4M is nearly all commercial paper. Adviser and expenses: Subsidiary of Union-America, Inc., one-bank holding company. Expenses averaged 1.91% last 2 quar. Six month outlook: Heavy warrant exercise of recent quarters which limited share results appears moderating and 34% warrant overhang should be less of a barrier. Loan quality has remained high while sustaining yield. Shares a good longer term commitment for yield (9.8%) and moderate appreciation. (KDC)

WELLS FARGO MORTGAGE INVESTORS (NYSE-WFM)--FY ends June 30--Price:\$23.75

-----OPERATING RECORD-Mil.\$-----				-----KEY RATIOS-----		-----SHARE RESULTS-----		
Quar.	Assets	Port.	Equity	Port.Yield	Cap.Ret.	EPS Prime	Diluted	Div.
9/72	\$184.4	\$175.9	\$68.9	9.72%	11.69%	\$0.53	\$0.45	\$0.51
12/72	196.6	190.1	69.5	9.90	12.17	0.55	0.47	0.53
3/73	NR	195.0	70.9	9.80	12.33	0.56*	0.48	----
RANK	16	14	16	111	32	*Incl. \$0.02 lump payment.		

Portfolio dynamics: Holdings increased 11% in last six months. Current short-term fundings were 67% constr., 14% devel., 11% inter., 3.5% land, 3.2% jr., 1% land lease-back. Geographically unchanged, heaviest in Cal. and southwest. Housing related loans down to 60%. Over 40% tied to prime. Modest growth next six months as runoff heavy. No problem loans. Financing: No public financing this year. Comm. paper will increase. Adviser & expenses: Subsidiary Wells Fargo Bank. Expenses were 1.75% last two quar. Six month outlook: Spread will be squeezed this quar. by higher money costs not offset by slower rising portfolio yield. Portfolio may not increase much making earnings hard to maintain. Shares a hold for yield and resumed earnings growth later on. (BS)